CHANNEL TECHNICAL SERVICES
Engineering and Project Management

2.27498

THE GOLDLUND MINE
REPORT OF ASSESSEMENT WORK

RESULTS OF STOCKPILE TRENCHING & SAMPLING

RECEIVED
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GEOSCIENCE ASSESSMENT OFFICE

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1.0 INTRODUCTION:

The Goldlund Mine is a past producing property, having been in operation both back in the 1940's, and in the 1970's and 80's when it was chosen as a site of a custom mill under the Ontario Government's "Go-Mill" program. The owners at the time eventually decided to payout the Go-Mill loan and remove the obligation to custom mill other ores, so that they could concentrate on their own ore body. The Mine operated until 1987, when in the midst of a mill expansion construction, the Company ceased operation. It subsequently was owned by a few different junior companies, none of which were able to bring the project back into production, and it was ultimately declared abandoned. The mill and mining claims were eventually acquired by a numbered company, 1013012 Ontario Incorporated.

Over the years of inactivity, and with the several changes of ownership and the extensive vandalism the property and administrative office was subjected to, most of the records of the operation, including details of the ore reserves were lost or wantonly destroyed.

The Goldlund Mine was visited in August of 2003 for the primary purpose of determining whether the material listed as being a waste stockpile, located outside and to the south and east of the head frame and mill building was actually, in fact, ore that had been stockpiled from the earlier historical operators of the property. The owner's consultants' supposition was verified by this site inspection and a quantity estimate was made. Subsequently, arrangements were done to provide for the removal of a several samples of this material from the property. This report will detail the results of the sample program.

2.0 LOCATION AND ACCESS:

The Goldlund Mine property consists of a combination of contiguous patented, leased and un-patented mining claims located in Echo Township, District of Kenora, Patricia Mining District in Northwestern Ontario. It is located 40 km south west of Sioux Lookout, or 25 km northeast of Dinorwic (which is on the Trans Canada Highway 17), just west of Highway 72. A 4 km gravel road connects the property to the highway. The road has deteriorated over the years and will require upgrading if the mine ever returns to production.

3.0 MINING CLAIM NUMBERS:

The Company's claim holdings at the Goldlund site include the following: Patented Claims KRL 18722, KRL 18723, KRL 18724, KRL 18809, KRL 18812, and KRL 18720; Mining Leases PA 436895, PA 436896, PA 436897, and Lease No. 103625 (Registered as # 154257) Parcel 2969; and Mining Claim # PA 1247989.

4.0 PROPERTY HISTORY AND DEVELOPMENT:

Subsequent to the discovery of gold in 1940 the original claims were staked, and Lunward Gold Mines Limited was formed. In 1941-42 and 1945-47, surface trenching and diamond drilling programs were carried out totaling 156 holes and 13,812 metres.

In 1949 the Company was reorganized as Newlund Mines Limited, and a 3-compartment shaft was sunk to 252 m, with lateral development on 4 levels (known as the 200', 350', 500', and 800' levels). During the development program, 3505 m of drifts and 1090 m of cross cuts were driven. Although operations ceased in 1952, a significant low-grade ore body had been identified through the exploration program .

In 1973 the Company was re-organized as Goldlund Mines Limited. From then until 1979, the shaft was dewatered in stages, the underground workings chip and bulk sampled, and further diamond drilling performed. The more intensive drill program done in 1979 was successful in expanding the known ore reserves, resulting in a decision to drive a decline to the 200' level.

In 1982 a 200-tpd mill was erected on site using funds provided through Ontario's Go-Mill program. The mill produced a flotation concentrate that was sent elsewhere for further processing. Ore was supplied from an open pit and from the 200' level underground. Following financial difficulties in 1983, Campbell Resources Inc. acquired a large interest of the shares of Goldlund Mines and became the project operators.

In 1984, construction began on a new 500-tpd plant that was never fully completed. (In fact one of the mills is still up on blocks awaiting connection to the circuit, and the crusher foundation is the only work completed on that section of the new process). At the time of construction, a 30 m high headframe and adjoining ore bin were erected.

In 1986 Camreco Inc. purchased the property, including all surface and underground installations and structures. The Mine closed in 1987, and has never re-opened. Eventually, in 1992 Locke Rich Minerals, a Texas based junior company, acquired the property and unsuccessfully attempted to raise the funds to return it to production. Over the years the property was subjected to the removal of equipment by creditors and extensive vandalism and theft. The Company reorganized under the name Laughlin Resources, and ultimately, because the Company failed to comply with the Mining Act requirements for an approved Closure Plan and Financial Assurance, the Ministry of Northern Development & Mines eventually declared the property abandoned and seized the mining claims.

Prior to this declaration of abandonment, in late December 1996, a numbered company, 1013012 Ontario Incorporated, had acquired the mill for salvage. Although their original intention was to remove the equipment from site, a change of strategy in late 2001, led to an investigation into the acquisition of the property. This culminated in the acquisition of the affected mining lands including the 6-patented claims containing the mill and structures, and the Crown and mining leases holding the tailings area in 2002. The open property between the patented and the leased mining lands was staked in the spring of 2002, so that the mining lands and claims being held are now contiguous.

Since the time of acquisition, a computerized model of the ore reserves has been developed, and a pre-feasibility study is being done on the return of the Mine to production. In the fall of 2003, a trenching and sampling program was undertaken of stockpiled material to assist in the determination of the ore grade and anticipated recovery.

5.0 GEOLOGY:

The following geological information has been provided by Mr. Karel Pieterse of Kar-Mer Tech Inc., and is a compilation of information gleaned from various existing reports prepared on the Goldlund Mine property.

5.1 GENERAL AND LOCAL GEOLOGY:

A belt of Basaltic Volcanic rocks comprises a Precambrian formation 2 miles wide that extends Northeasterly across the property. This basaltic formation is bound by Precambrian sediments to the North and to the South with a wedge of felsic volcanics that occurs between the Basalt and sediments to the South of the Basalt.

The Basaltic volcanic formation consists of a southern largely tuffaceous member that is about a mile wide and a northern Basaltic series of spherulitic Basaltic flows inter-layered with Basaltic pillow lavas and some Tuffs.

Near the contact between the Tuffs to the South and the spherulitic lavas to the North, a sill of granodiorite has intruded the Tuffs near the contact. This conformably intruded granodiorite dips from 50° to 80^0 southward and averages about 200 ft. in thickness – this forms the No 1 zone at Goldlund. A subsidiary system of less extensive granodiorite sills occurs as an intrusion into a narrow tuff bed in spherulitic Basalt lavas – this forms the No. 2 and No. 3 zones at Goldlund.

This strata-bound granodiorite intrusion is known to extend Northeastward well beyond the Goldlund property and Southwestward beyond the Windfall properties and it reappears in the Mistango property just South of Troutfly Lake. It has been postulated that this granodiorite may occur intermittently over a strike length of 10 miles.

At the Windfall and Goldlund properties surface and underground diamond drilling, together with some stoping and open-pit work above the first level at the Goldlund Property, indicate that the footwall portion of the granodiorite over a width of 40' to 80' is strongly bleached and altered with quartz carbonate and pyrite mineralization. The gold occurs concentrated in quartz filled cross fractures that trend N 5°to N 15°E and dip 35°to 50°SW. These gold bearing fractures occur concentrated in zones that extend intermittently at intervals of 600 to 1000 ft. along the 1.0-mile length of granodiorite that has been heavily explored to a depth of 400' at the Windfall and Goldlund properties.

Southwestward, at the Mistango property, the granodiorites are found to occur at the same stratigraphic horizon as they occur at Windfall and Goldlund. During the Billiton geological mapping the granodiorites have been traced over a length of 1+ miles. A drilling program in 1986/87 confirms the occurrence of a quartz-carbonate altered footwall portion, about 40 ft. thick that occurs in the granodiorite. The discovery of a rich intersection of gold in drill hole M-86-4 is very significant. It appears that gold deposits along the entire strike of this belt may occur.

Two granitic intrusive stocks are wedged into the Basalt formation at Gardnar Lake and southwest of Crossecho Lake. A quartz-porphyry intrusion occurs in the basalt formation immediately south of the granodiorite on the Goldlund property near Franciscan Lake. Another smaller quartz-porphyry intrusion occurs immediately North of the granodiorite across the Windfall/Goldlund property boundary.

Since the original exploration on the property it was recognized that gold mineralization took place in a fracture system developed in a number of granodiorite dykes, which were of a more competent nature than the surrounding hostrock. The fracture pattern resulted from a regional compression force, whereas the mineralizing fluids were thought to originate from some deep, possibly magmatic source. Exploration was concentrated on the granodiorite dykes, in particular where they were visibly altered. Factors controlling the deposition of the gold were, and still are, poorly understood.

5.2 STRUCTURAL GEOLOGY:

The complete picture of the structural geology of the gold bearing deposits at the Goldlund mine is still in the process of evolution, development and modification, however, both L. Chorlton (1987) and B. Berger (1987) describes the structural events – in separate reports. The following paragraphs present an understanding of the structural geology.

The No. 1 Zone granodiorite has been concordantly intruded along a bed of andesitic tuffs that occur between andesitic pillow lava flows. That granodiorite consists of a multiple intrusion of sills. The footwall or most northerly granodiorite sill is host to the well-developed gold bearing structures of the No. 1 Zone and it is this sill that is described in the following paragraphs as the "host sill".

The host sill of the No. 1 Zone is of variable thickness and has chilled border zones on each side that are four feet to ten feet thick. The host sill granodiorite varies from 45 feet thick in the west zone to 100 feet thick in the east zone 1-27 block.

The No. 2 and No. 3 Zones appear to occur as the extensions of the same parallel twin sills of granodiorite. The No. 2 and No. 3 Zones occur 800 feet to 900 feet to the north of, and parallel to, the No. 1 Zone. The twin sills intrude andesitic Precambrian volcanics and are separated by a few feet of andesitic tuffs. These sills average about 50 feet in thickness. In the No. 3 Zone, the southerly sill has the better fracturing and gold mineralization; it is about 50 feet thick. The northerly sill is about the same thickness but the gold mineralization is leaner.

5.3 FAULTING:

Widely spaced faults have been recognized crossing the No. I Zone. These faults are marked by the intrusion of narrow, waxy, sericitic [quartz-porphyry dykes].
Major faults have been located that divide the No. 1 Zone into 5 main blocks, namely:

1. The far-west block.
2. The west block.
3. The east block.
4. The 1-27 block.

5. The far-east block.

These steep dipping faults have variable strikes from North to Northeast and East and are essentially acute angle faults to the strike of the No. 1 Zone granodiorite. The wedge shaped fault blocks, moved to accommodate a compressive stress couple from the WSW and ENE. Movements of the wedge shaped blocks were slightly rotated and shifted to the SW and NE. The compressive stress forces were probably caused by the intrusions of the Franciscan Lake quartz-porphyry stock.

The faulting is later in age than the well developed sets of tension fractures in the granodiorite but it pre-dates gold mineralization. This conclusion is supported by observations of the general mineralization pattern.

No. 1 Zone blocks generally contain richer gold mineralization at the westerly end of a thrust-faulted block of host sill granodiorite where it occurs abutting against the relatively barren hanging wall granodiorite sills. This improved mineralization may be due to the mechanical re-fracturing of the quartz filled tension fractures of the host sill that allowed for the passage and deposition of gold bearing solutions.

The No. 1 Zone blocks generally are leaner in gold bearing mineralization for 100 to 300 feet at the eastern end of a thrust-faulted block that abuts andesitic tuffs. These tuffs more readily accommodated the more competent granodiorite with less refracturing of the host sill. A normal fault movement of the blocks along a northwesterly fault located near the shaft caused both the east end of the west block and the west end of the east block to abut tuffs and pillow lava which resulted in leaner gold mineralization for 300 feet to the west of the shaft and 100 feet to the east.

There is a remarkable consistency in the attitude of the tension fractures throughout the blocks of No. 1 Zone and within Nos. 2 and 3 Zones. These quartz-filled tension-fractures all trend N to N-15°-E and dip 45° - 55° westwards.

There are slight variations in the strike and dip of the host sill in different fault blocks of the No. 1 Zone. This is due to block movements that were partly rotational movements.

The following is a tabulated form summarizing average structural data of the main zones.

Zones					Shoots		
Name	**Strike**	**Dip**	**Length**	**Width**	**Strike**	**Dip**	**Rake**
Far West	N-87^0-W	67^{0}S	600'	36'	N-O^O to 15^{0}E	40^0 to 55^0 W	45^{0}W
West	N-70^0-W	78^{0}S	1400'	36'	N-O^O to 15^{0}E	40^0 to 55^0 W	33^{0}W
East	N-62^0-W	73^{0}S	1800'	60'	N-O^O to 15^{0}E	40^0 to 55^0 W	25^{0}W
1-27	N-61^0-W	73^{0}S	400'	90'	N-O^O to 15^{0}E	40^0 to 55^0 W	25^{0}W
Far East	N-61^0-W	73^{0}S	2500'	40'	N-O^O to 15^{0}E	40^0 to 55^0 W	25^{0}W
No 2	N-71^0-W	80^{0}S	1500'	40'	N-O^O to 15^{0}E	40^0 to 55^0 W	25^{0}W
No 3	N-60^0-W	75^{0}S	1300'	40'	N-O^O to 15^{0}E	40^0 to 55^0 W	35^{0}W

5.4 GOLD BEARING STRUCTURES:

Gold mineralization occurs primarily within the granodiorite dykes, only in those places where fracturing, quartz veining and quartz-carbonate veining is predominant. The veins display narrow to broad alteration haloes (bleaching), characterized by quartz, ankerite, calcite, ilmenite, magnetite, pyrrhotite with local gold and telluride minerals; galena, sphalerite and chalcopyrite are found occasionally.

No. I Zone granodiorite sills have been concordantly intruded along a bed of andesitic tuffs that occur between andesitic pillow lava flows. The No. 1 Zone granodiorite consists of a multiple intrusion of sills. The footwall or most northerly granodiorite sill is host to well developed gold bearing structures and it is this sill that will be described in the following paragraphs as the "host sill".

The host sill of the No. 1 Zone is of variable thickness and has chilled border zones on each side that are four feet to ten feet thick.

The gold bearing shoots are related to tension fractures. The thicker lenses of quartz filled tension fractures clearly pinch out at the chilled borders of the host sill.

Tension fractures formed strongly in the N to N-15° direction and with dips of 40°-55° westwards. These tension fractures are contained between the hangingwall and footwall planes of the host granodiorite – which dips steeply southwards. This gives an apparent angle "rake" to the fractures that is flatter than the true dip. These fractures commonly occur in twin sets usually 3 to 10 feet apart and have great individual continuity of several hundred feet along rake.

The tension fractures were filled with glassy quartz. Adjacent to the quartz-filled tension-fractures the wallrocks were bleached and quartz, as well as quartz-carbonate alteration and pyritic mineralization occur. The quartz-carbonate wallrock alteration is highly variable in intensity and in thickness. The wallrock alteration may extend from millimeters to a few feet and may vary from a slight bleaching to alteration that becomes a quartz carbonate vein in composition.

A late period of refracturing of the host sill occurred, contemporaneous with the intrusion of the Franciscan Lake quartz porphyry stock. Block faulting movements and intrusions of waxy quartz porphyry dykes occurred along faults. Refracturing occurred largely along the first few inches of altered wallrock adjacent to the quartz-filled tension-fractures and these are marked by the introduction of a clear to greyish quartz up to an inch thick along those narrow fractures. Visible gold commonly is associated with this later quartz and fracturing in the highly altered wall rock. In quartz carbonate "veins" these greyish quartz filled fractures carry gold and permeate much of the "vein".

In the gold bearing shoots, the richer concentrations of visible gold occur in the altered wallrocks immediately adjacent to the quartz-filled tension-fractures. There does not seem to be any corre tion between the thickness of the quartz-filled fracture and gold content of the wall rocks. The presence of greater carbonate content in the wallrock and tension fractures is a favourable factor. Where pyrite occurs as coarse cubes and/or massive pyrite or with ilmenite and/or tourmaline, the gold content commonly increases but the gold occurrences are clearly associated with the later greyish quartz-filled fractures. Two minerals are occasionally found that are related to gold occurrences, these are altaite and sphalerite.

5.5 MINERALIZATION MODEL:

Gold at the Goldlund area was deposited from fluids circulating under the influence of heat generated by the Crossecho stock. This stock is a late intrusion and possibly synchronous with the gold mineralization.

The rising fluids followed a conduit of fractures developed in the more competent granodiorite by regional, compressional forces. Deposition of the gold took place where a combination of pressure, temperature and chemical environment (e.g. increased magnetite content) caused deposition of sulphur from the solution in the form of iron sulphide (pyrite). The original magnetite content of the dykes may therefore have played a major role in the location of the gold mineralization within the dyke.

Determination of isotope fractionations led Kerrich in 1980 to the conclusion that the present Goldlund mine development is within the upper portion of the potentially mineralized zone and that pressure/temperature conditions must have been favourable for the mineralization of gold down to a depth of 5,000 ft.

Froberg (1952), on the basis of mere geological data, also stresses the possibility of mineralization at deeper levels. Transecting porphyry dykes are in his opinion responsible for the fading of the West ore zone at depth and for the absence of a well-developed fracture pattern in the curved section of the granodiorite near the Windward shaft.

6.0 STOCKPILE SAMPLING PROGRAM:

A site inspection was conducted on September 19, 2003 for the purpose of evaluating the condition of structures and equipment, the tailings containment area, and most importantly to confirm the hypothesis that the mined material stockpiled to the south and east of the headframe and mill was indeed ore. Observation of the stockpile indicated that the material had been deposited in 2 distinctly different eras as evidenced by the differential weathering between the lower and upper lifts of the stored material, with the lower layer perhaps being placed during the early years of the operation (1940's) and the upper layer dating back to the 70's and 80's.

Since the top of this pile had been used for storage of pipe and other equipment pieces, and had also been used as the truck access for dumping into the jaw crusher, it could easily have been assumed to be a waste dump. However, the proximity of the pile to the mil, and the close examination of individual pieces, combined with that observation of weathering strongly indicated the presence of ore. Again due to the destruction of historical information, the nature, grade, and origin of this ore is unknown, as is any detail of the contours and preparation of the base of the stockpile. Therefore, an accurate quantity estimate cannot be determined, but it is quantified at 40 – 50,000 tons.

In order to determine an estimate of the average ore grade of the stockpile, a bulk-sampling program had to be undertaken. On October 8, 2003 a local contractor was hired to provide a backhoe to extract a bulk sample at depth from randomly selected locations.

The sampling methodology was to excavate 2 trenches, which were then divided into 4 sections. Samples were drawn and crated from each portion; 2 samples from each location were sorted by colour and material type prior to assaying; plus 1 set of composite samples from each of the 8 locations were combined then crushed together prior to being sent for assay.

7.0 ASSAY RESULTS:

Assaying was performed on the samples by Swastika Laboratories Ltd.; the results of which are found in the table on the following page and copies of the Assay Certificates are in the appendix. The G1 – 16 samples were from the sorted samples, and the other 8 (#1 & 2 N, MN, S, MS) were the results from the composite samples. (Assay results listed are in grams of gold per tonne).

The straight arithmetic mean of the composite samples is 0.18 opt or 6.21 g/t (5.83 g/t using the check assay values) and of the sorted samples is 0.07 opt or 2.36 g/t (2.33 g/t using the check assay values).

SAMPLES FROM TRENCHES ON STOCKPILE.

NOTE: - 4.285 g/tonne = 0.125 oz/ton.

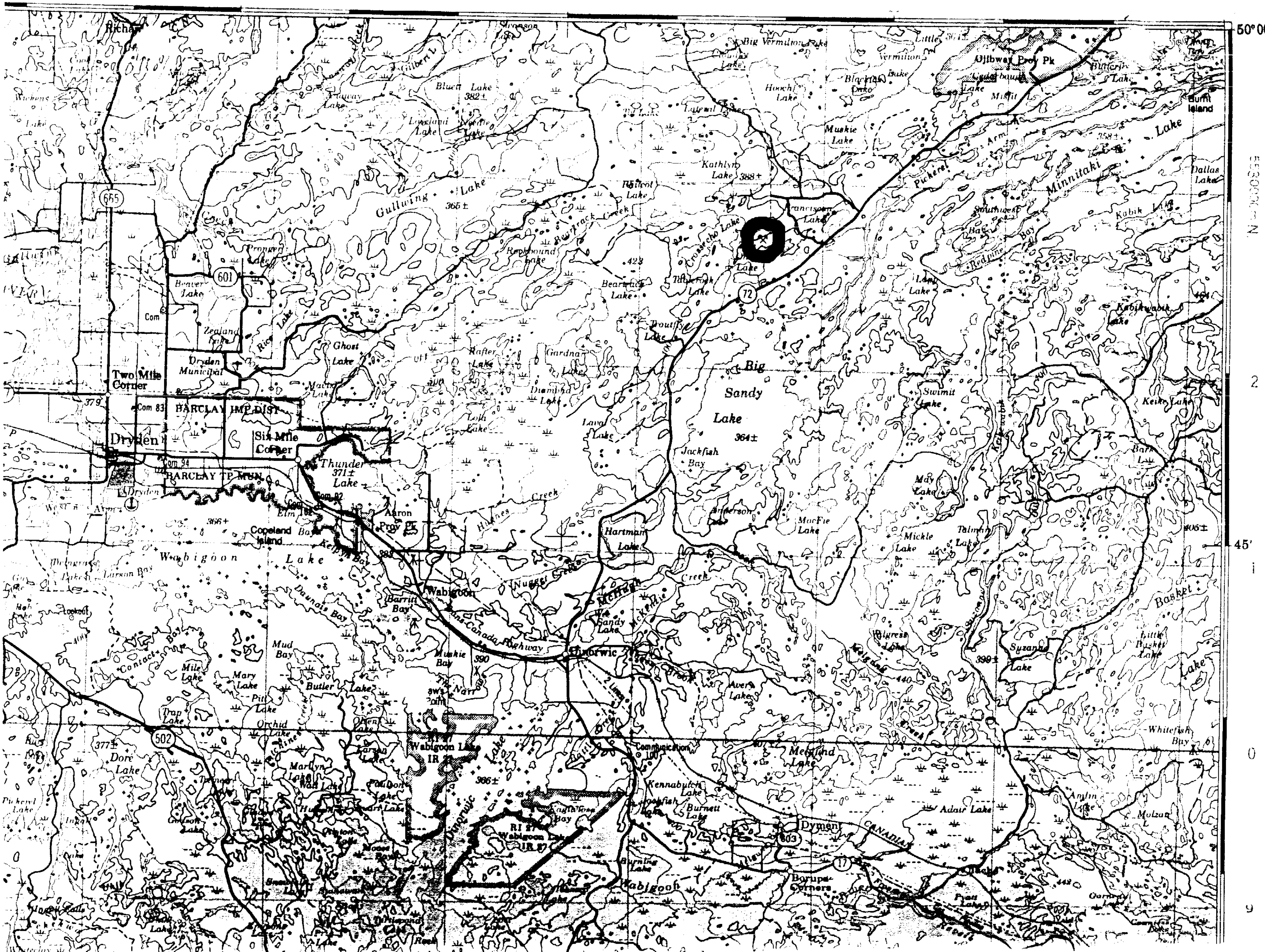
No.	Trench	Field.	Description.	Grade g/t Estimate	Grade g/t Actual	G sample Average	Comp	Check Samples G	Check Samples Comp 1	Check Samples Comp 2
G-1	West	1-S	Quartz porphyry. Specks o[illegible]te throughout.	4.0	8.30	4.42	11.28	8.09 (G-1)	12.21	
G-2	West	1-S	50/50 mix of grey diorite and whitish quartz porphyry. Intermittent specks of pyrite.	2.0	0.53					
G-3	West	1- MS	Substantially diorite. No pyrite obvious.	0.1	0.04	0.57	18.1	1.78 (G-4)	11.38	14.61
G-4	West	1- MS	50/50 mixture of diorite and quartz porphyry Abundant pyrite in porphyry	7.0	1.10					
G-5	West	1- MN	Majority diorite. Little porphyry. No pyrite.	0.1	0.04	0.24	2.54			
G-6	West	1- MN	Quartz porphyry. Some visible pyrite	3.0	0.44					
G-7	West	1-N	Dark grey. No pyrite.	0.1	-	0.01	3.36		2.88	
G-8	West	1-N	Dark grey. No pyrite.	0.1	0.02					
G-9	East	2-S	50/50 porphyry & diorite Lot of pyrite in porphyry. Some pyrite in diorite	7.0	3.29	4.39	3.15	3.33 (G-9)		
G-10	East	2-S	Substantial quartz porphyry. Some bluish quartz Quite a lot of pyrite.	5.0	5.49					
G-11	East	2-MS	50/50 mix of light coloured & bluish porphyries. Lot of pyrite in light coloured. Some pyrite in bluish qtz.	4.0	4.87	3.77	3.36	3.57 (G-11)		
G-12	East	2-MS	Some coarse qtz attached to porphyry. 1 pce bluish porhyry. Lot of pyrite in light porphyry. Some pyrite in bluish qtz.	6.0	2.67					
G-13	East	2-MN	Exclusively bluish quartz. Little to no pyrite.	1.0	0.65	3.72	4.35	7.06 (G-14)		
G-14	East	2-MN	Coarse quartz within bluish quartz. Some pyrite throughout.	3.0	6.79					
G-15	East	2-N	Bluish quartz with some coarse quartz. Little to no pyrite.	1.0	0.74	1.78	3.57			
G-16		Tim's	Light coloured quartz porphyry Lots of pyrite.	8.0	2.81					
Arithmetical average of all grades above.				3.21	2.36	2.36	6.21			
Arithmetical average as ounces per ton.				0.09	0.07	0.07	0.18			

8.0 SUMMARY AND DISCUSSION:

Since the stockpile appears to have a reasonable grade of ore, and with the tonnage available being quite significant at 40 – 50,000 tons, and especially with the mining costs already covered, preliminary calculations indicate that there may be a profit in processing the material. Furthermore, the Company has begun to seriously consider the transportation and processing costs for the ore at an established gold mill willing to treat outside ore. Since there is not an operating custom mill anywhere within 500 km of the Goldlund property, negotiations are being conducted with an established producer. If the custom milling of the stockpile proves to be feasible, the profit generated from the venture may be sufficient to provide the financial impetus for the mine to return to operation.

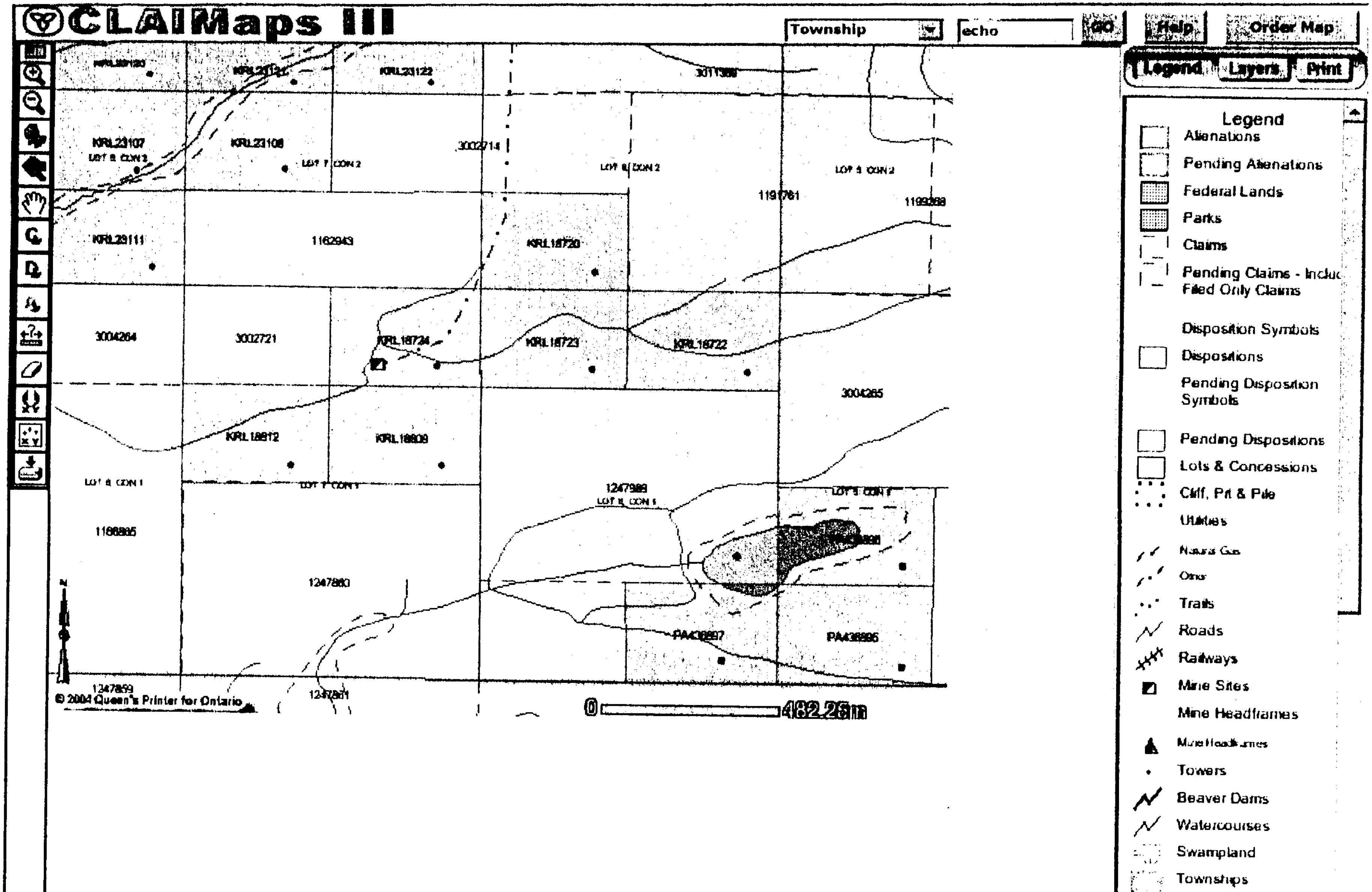
APPENDIX:

AREA MAP SHOWING SITE LOCATION



50°00'
45'
Big Vermilion Lake
Vermilion
Ojibway Prov Pk
Bluett Lake
382±
Hoochi Lake
Muskie Lake
Kathlyn Lake
388+
Gullwing Lake
365±
Pickerel Arm
Minnitaki Lake
Dallas Lake
655
601
Beaver Lake
Zealand Lake
Dryden Municipal
Ghost Lake
Rafter Lake
Gardnar Lake
Diamond Lake
Big Sandy Lake
364±
Jackfish Bay
Two Mile Corner
Com 83
BARCLAY IMP DIST
Dryden
Six Mile Corner
Com 94
BARCLAY TP MUN
Thunder 371± Lake
Aaron Prov Pk
Copeland Island
Wabigoon Lake
Hartman Lake
Mickle Lake
Talman Lake
Swimit Lake
Keike Lake
May Lake
MacFie Lake
Wabigoon
Barritt Bay
Mud Bay
Muskie Bay
Trans Canada Highway
Dinorwic
Sandy Lake
Mary Lake
Butler Lake
Mile Lake
Trap Lake
Orchid Lake
502
Dore Lake
377±
Marlyn Lake
Wabigoon Lake IR 27
386±
Dinorwic Lake
RI 27 Wabigoon Lake IR 27
Communication
Kennabutch Lake
Burnett Lake
Dyment
803
17
Borups Corners
Adair Lake
Melgund Lake
Suzanne Lake
399±
Basket Lake
Whitefish Bay
Avery Lake
Wabigoon
Gullwing Lake
72
Lava Lake
Lola Lake

CLAIM MAP



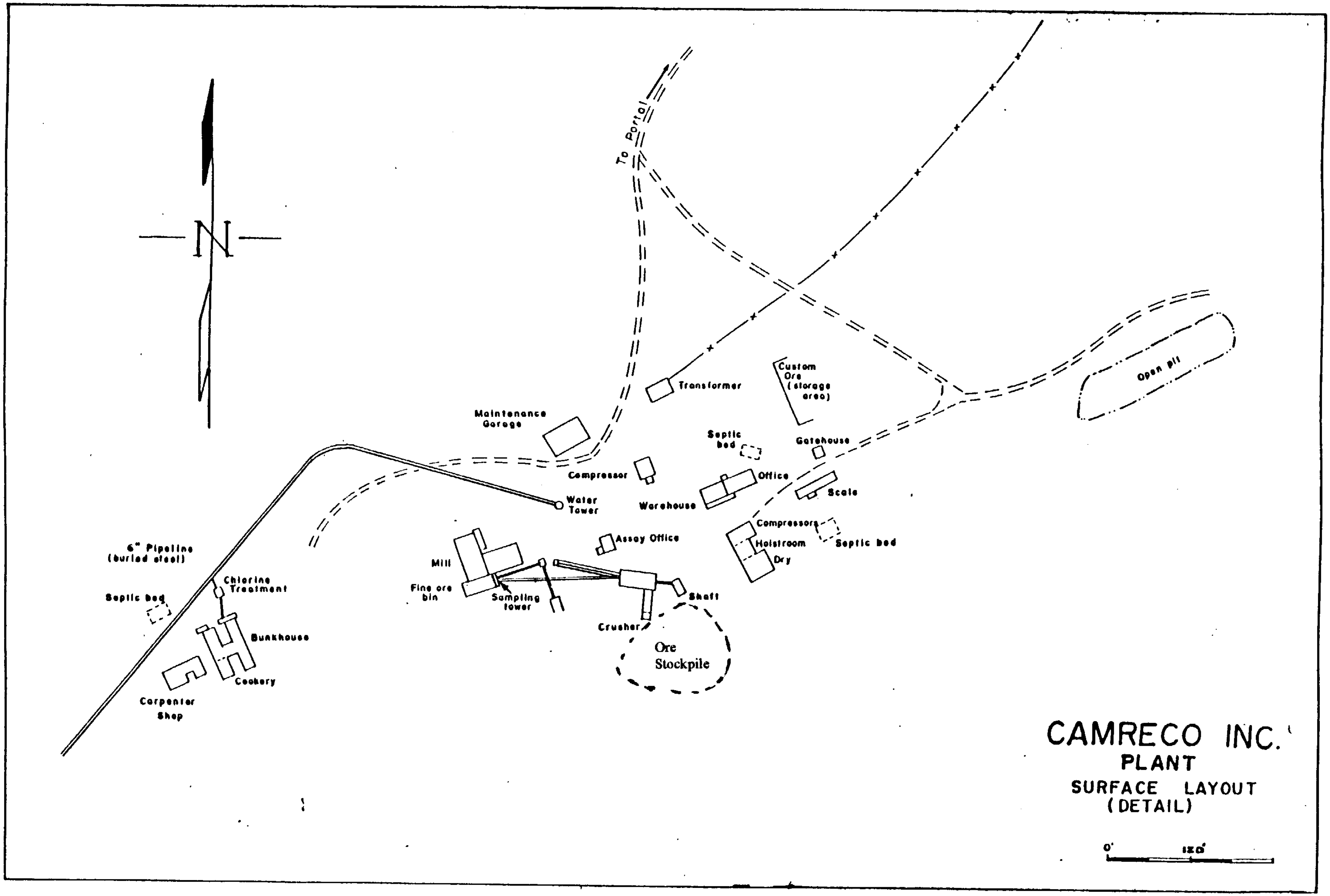
Location (NAD83)

UTM: Zone 15, 547798m E, 5526754m N

Geographic (decimal degrees): -92.33454° W, 49.89128° N

Location Co-ordinates

1987 SITE PLAN AND BUILDING LAYOUT



CAMRECO INC.
PLANT
SURFACE LAYOUT
(DETAIL)

ASSAY CERTIFICATES

Established 1928

Swastika Laboratories Ltd

Assaying - Consulting - Representation

Assay Certificate

3W-3250-RA1

Company: **CLAUDE RUNDLE GOLD MINES**
Project:
Attn: K. Pieterse

Date: OCT-16-03

We hereby certify the following Assay of 16 Rock samples submitted OCT-14-03 by .

Sample Number	Au g/tonne	Au Check g/tonne
G1	8.30	8.09
G2	0.53	-
G3	0.04	-
G4	1.10	1.78
G5	0.04	-
G6	0.44	-
G7	Nil	-
G8	0.02	-
G9	3.29	3.33
G10	5.49	-
G11	4.87	3.57
G12	2.67	-
G13	0.65	-
G14	6.79	7.06
G15	0.74	-
G16	2.81	-

Certified by [signature]

1 Cameron Ave., P.O. Box 10, Swastika, Ontario P0K 1T0
Telephone (705) 642-3244 Fax (705) 642-3300

Swastika Laboratories Ltd

Established 1928

Assaying - Consulting - Representation

Assay Certificate

3W-3388-RA1

Company: **CLAUDE RUNDLE GOLD MINE INC.**
Project:
Attn: K. Pieterse

Date: OCT-29-03

We hereby certify the following Assay of 8 Reject samples submitted OCT-24-03 by .

Sample Number	Au g/tonne	Au Check g/tonne	Au Check g/tonne
#1N	3.36	2.88	-
#2N	3.57	-	-
#1S	11.28	12.21	-
#2S	3.15	-	-
#1MN	2.54	-	-
#2MN	4.35	-	-
#1MS	18.10	11.38	14.61
#2MS	3.36	-	-

Certified by [signature]

1 Cameron Ave., P.O. Box 10, Swastika, Ontario P0K 1T0
Telephone (705) 642-3244 Fax (705) 642-3300

QUALIFICATIONS OF AUTHOR OF TECHNICAL REPORT

Scott Schelske – Professional Engineer, Project Manager

Scott is a graduate, professional mining engineer with a wealth of experience in operations, engineering and consulting, including five years in the then Mineral Development & Rehabilitation Branch (now Mines Group) with MNDM as the Regional Mineral Development Consultant. Several of his years of experience have been in a supervisory or managerial capacity, and as a senior operating manager in the mining and construction industries, he has supervised up to 300 full time employees and supervisory and technical staff including foremen, engineers, technicians, geologists, tradesmen, equipment operators and administrative personnel. He has prepared and been responsible for the expenditure of annual budgets in excess of $16 million. He is an expert in blasting and explosives handling, and pit slope stability. In addition to his mining experience, he has provided project management and consulting services on many diverse projects. These include: a $270 million dollar mining plant construction, resource access road and bridge construction, building inspections, public consultation, conflict facilitation, sand and gravel extraction, aggregate and dimension stone quarrying, worker training, and pre-feasibility studies for heavy equipment operations, quarries, mines, tourist camps and mining schools. He has written training manuals and guidelines for government and industry. As former Mineral Development Consultant, he functioned as the Ontario Government's team leader for permitting of over 50 mining ventures including one involving the capital expenditure of over $265 million, and has complete and thorough knowledge of all applicable legislation affecting mining and natural resource extraction operations, in particular Part VII of the Mining Act.

Currently, Scott is a consulting project engineer on a number of commercial and industrial design and construction projects with Channel Technical Services Ltd., a Northwestern Ontario based engineering and project management company.

CURRICULUM VITAE

SCOTT SCHELSKE

EDUCATION

1975	Queen's University, Kingston, Ontario B.Sc. (Mine Engineering)

ADDITIONAL COLLEGE EDUCATION

1980	Queen's University, Kingston, Ontario Applied Slope Engineering
1992	Lakehead University, Thunder Bay, Ontario Environmental Assessment Certification
1995	McGill University, Montreal, Quebec Mineral Project Evaluation Techniques Seminar
1995	Cambrian College, Sudbury, Ontario Geophysical Work Shop

ADDITIONAL TRAINING & CERTIFICATES

1986	Ministry of Skills Development Certified Industrial Trainer
1986	St. John Ambulance First Aid Instructor
1990	Danatec Educational Services Ltd. Dangerous Goods Handling Certification
1991	Canadian Institute of Mining & Metallurgy Mining & the Environment Program
1992	Ministry of Environment Environmental Officer Training Certification
1993	Ministry of Northern Development & Mines Investigative Skills Training
1994	Ministry of Municipal Affairs Planning Act Training
1995	Work Place Health & Safety Association Core Certification Instructor
1998	Geomcom Soft Ware International Computerized Mine Planning – Core & Exploration Programs
2002	Liberty Tax Schools Certified Tax Consultant Levels I, II, & III

PROFESSIONAL MEMBERSHIPS

Professional Engineers of Ontario (Past Chairman: Lake-of-the Woods Chapter)
Ontario Society of Professional Engineers
Canadian Institute of Mining and Metallurgy
Prospectors & Developers Association

POSITIONS

Channel Technical Services	Consulting Engineer
Farm Business Consultants	Tax Consultant & Area Rep
Crystal Quartz Canada	Mine Manager
Leo Alarie & Sons Construction	Earth Works Superintendent
Keewatin Mine Management & Development	General Manager
Lac Des Illes Mine	Manager Mining & Engineering
Ministry of Northern Development & Mines	Regional Mineral Development Consultant
Ministry of Natural Resources	Highway General Foreman
Keewatin Aski Consultants	Sub Consultant
Shibogama Area Tribal Council	Tribal Council Engineer
Abino Mine Training Centre	Program Co-ordinator
Cold Spring Granite Company	Quarry Manager
Red Lake District High School	Teacher
The Griffith Mine	Chief Engineer

GENERAL AREA GEOLOGY MAP

Kar-Mer Tech Inc.

Tel: 705-566-7549 Fax: 705-566-1902
E-Mail: kpieterse@sympatico.ca
61 Kingston Court, Sudbury, Ontario. P3A 1E1

May 28, 2004

Crystal Quartz Dryden Inc.,
P.O. Box 72,
King City, Ontario.
L7B 1A4

Atn. Mr. F. Zoebelein,
President.

Dear Mr. Zoebelein,

Re: - Exploration Trenches.

We provide herewith some detail with respect to the exploration trenches that were created in the surface stockpiled mine rock. Details are presented under several headings, namely: -

1. Reason for trenching.
2. Approach to trenching.
3. Results from trenching.
4. Supporting documentation.

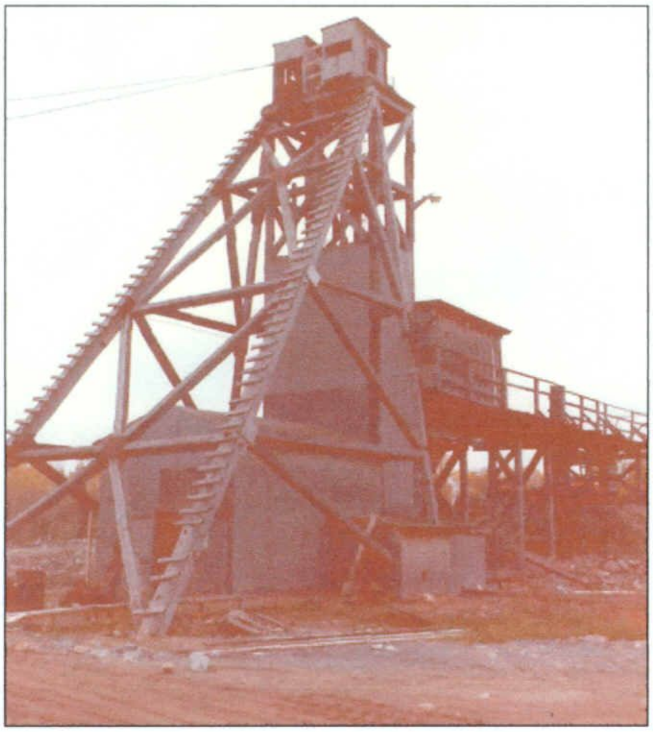
Reason for Trenching.
Establishing an accurate average grade of the mineralized deposit at the Goldlund deposit, as at most deposits of this nature, presents a number of problems. Concensus was that the best way of establishing a grade would be to put a substantial representative tonnage through an operating mill. The issue was – how to acquire a bulk sample?

All parties recognized that considerable excavation within the mineralized zones had been conducted by Goldlund Mines Ltd (1947 to 1952). However, there was considerable speculation over what Goldlund did with the mineralized material. It was also recognized that a stockpile close to the shaft existed, however, it was generally surmised that this material was waste from shaft sinking.

Extensive debate about "whether the stockpiled material was waste or ore" ensued. Finally some detailed calculation led to the conclusion that, at least, some of the stockpiled material was "ore". Goldlund Mines Ltd had excavated some 10,500 ft of drifts and approximately 1,500 ft of crosscuts – all within the mineralized zone. At a cross section of 7' x 7' and some overbreak, approximately 54,000 tons of material would have been generated. Physical measurement of the stockpile together with some projections of depth suggested that the stockpile contained approximately 40,000 tons. The correlation between excavated tonnage and in-place tonnage + material used for construction were sufficiently close to suggest that the stockpile, in fact, was the material excavated not only during shaft sinking (waste) but also during drifting and crosscutting.

The questions now were – how was the mineralized material distributed through the stockpile? Secondly – what was the grade of the material? It was decided that the only way of determining these was to excavate. Hence it was decided to trench at two locations.

Approach to Trenching.
It was obvious that isolated & incidental pits would not yield representative results, hence it was decided to trench across the stockpile at, at least, two locations. Whether these two trenches should run N-S or E-W was the next concern.



It was recognized that muck was hoisted by car from the various levels (original reports of mining operations).

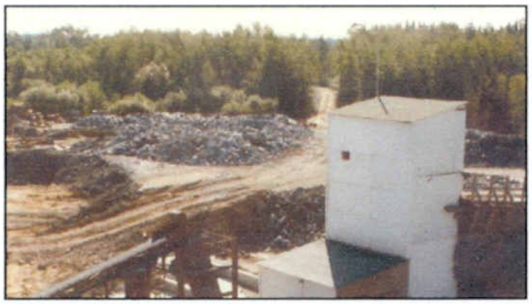
Photographs of the original headframe illustrated a "car dumping trestle" extending from the headframe in a westerly direction.

Muck was thus dumped toward the South and would have been spread by bulldozer toward the south, west and east. This coincides with the extents of the stockpile in relation to the headframe.

Thus it was decided to excavate the trenches in a N-S direction over the western extent of the stockpile – west of the existing coarse ore piles.

When the new headframe was erected the existing stockpile was clearly evident and was incorporated into the new facilities – storage pad, and elevated feed horizon for the jaw crusher.

The "then current" owners obviously decided to use the stockpile as storage, as well as, an elevated area from which the jaw crusher would be serviced.



Obviously, whether, or not, the material was mineralized was secondary to the convenience of the then called for construction and usage.

Considering the foregoing it was decided to excavate the stockpile in a south to north direction from the toe of the stockpile to the maximum depth capable by the excavator, in at least two separate trenches. In addition it was decided to test the grade of material from each trench from at least four locations in the separate trenches. This, in fact, was accomplished (results were submitted independently).

Material from the trench on the western side of the stockpile was deposited to the west of that trench. Similarly, material from the eastern trench was deposited to the east of the eastern trench. In each case random material was "spread" on the intervening ground to allow for sampling of such. The depth of both trenches averaged at least 15' with western trench being somewhat deeper than the eastern trench. The only time the excavator was able to go deep enough to expose underlying material was in the northern 20' of the eastern trench. In all other cases the excavator was able to dig as deep as it could without penetrating to the underlying material.

Results from Trenches.

As excavation proceeded numerous items were exposed that clearly illustrated that the material was derived from drifting. Included were numerous pieces of track, track ties, track spikes, j-hooks and a number of wooden explosive box pieces.

Visual examination of the material as it was being excavated confirmed that the material, by and large, was mineralized – as opposed to waste rock. Subsequent reading of the reports from the minesite indicated that shaft was deepened twice – in each case this was concurrent with drifting on the upper levels and all the excavated material was placed on the stockpile.

Trench #1 (approx 130' long) as well as trench #2 (approx 100' long) was divided into 4 parts, namely South, Mid-south, Mid-north and North. As previously explained as the trenches were excavated the bulk of the material from the trench was cast to the west of the western trench and to east of the eastern trench. Periodically a shovel full was deposit on the opposite side of the trench and spread out to allow examination and grab sampling.

Approximately 60 to 70 lbs of material was gathered from each of the four sections of each trench (milk-basket full), i.e. four (4) composite samples were taken from each trench. Subsequently each sample of approximately 70 lbs was crushed and ground and a smaller composite taken from the prepared material. A total of 16 composite samples were prepared and submitted for assay. Thus the samples are not from a particular spot along the trench but are representative composites along 25' to 30' of each trench With respect to assay results – such have been separately submitted.

Supporting Documentation.

The following drawings are submitted herewith: -

- Drawing illustrating the contiguity of the claims.

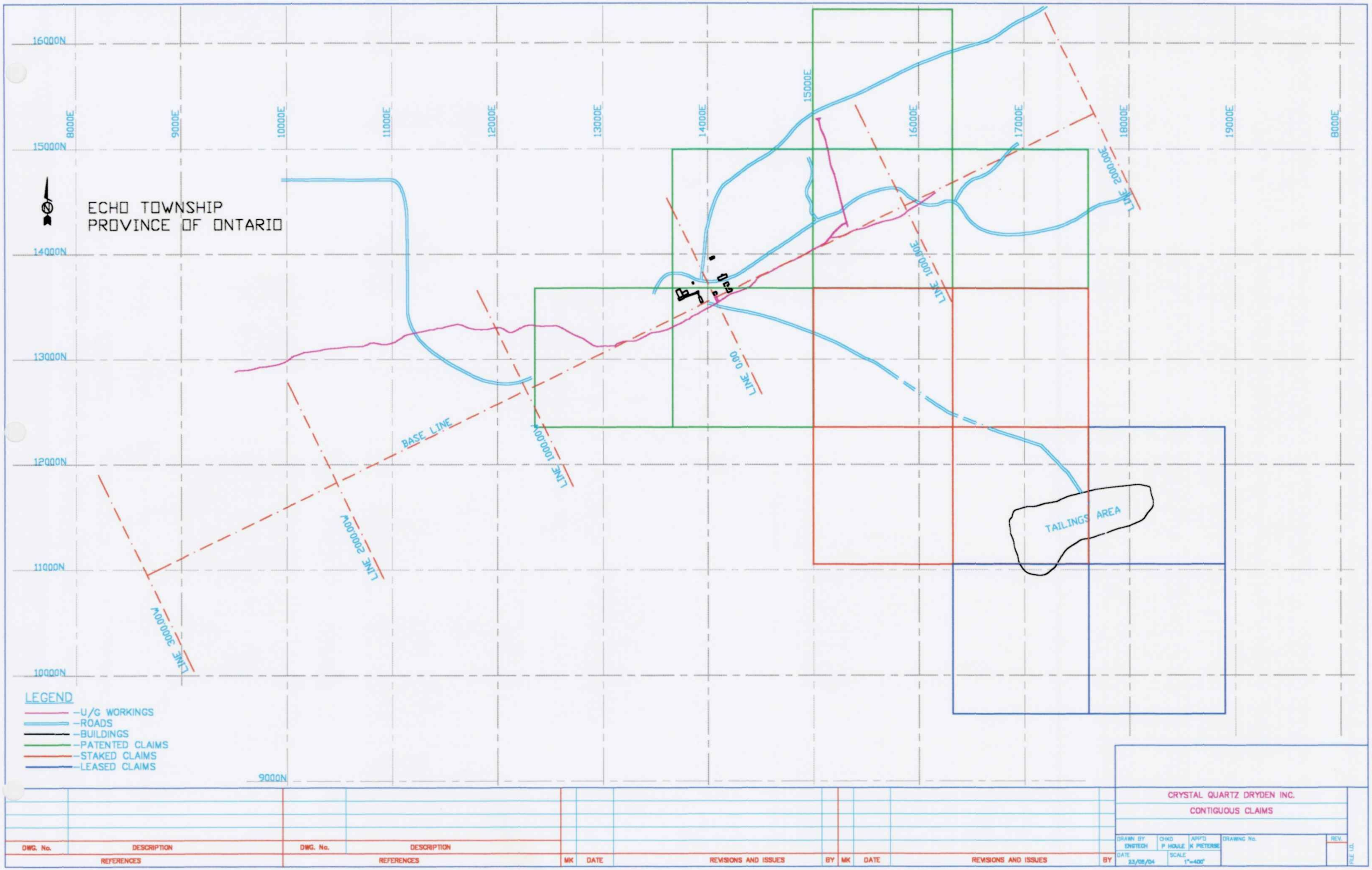
- Drawing illustrating the general surface layout around the shaft and along the main part of No 1 zone.
- Drawing detailing the general layout around the shaft and clearly indicating the limits of the stockpile and the locations of the trenches.

General.

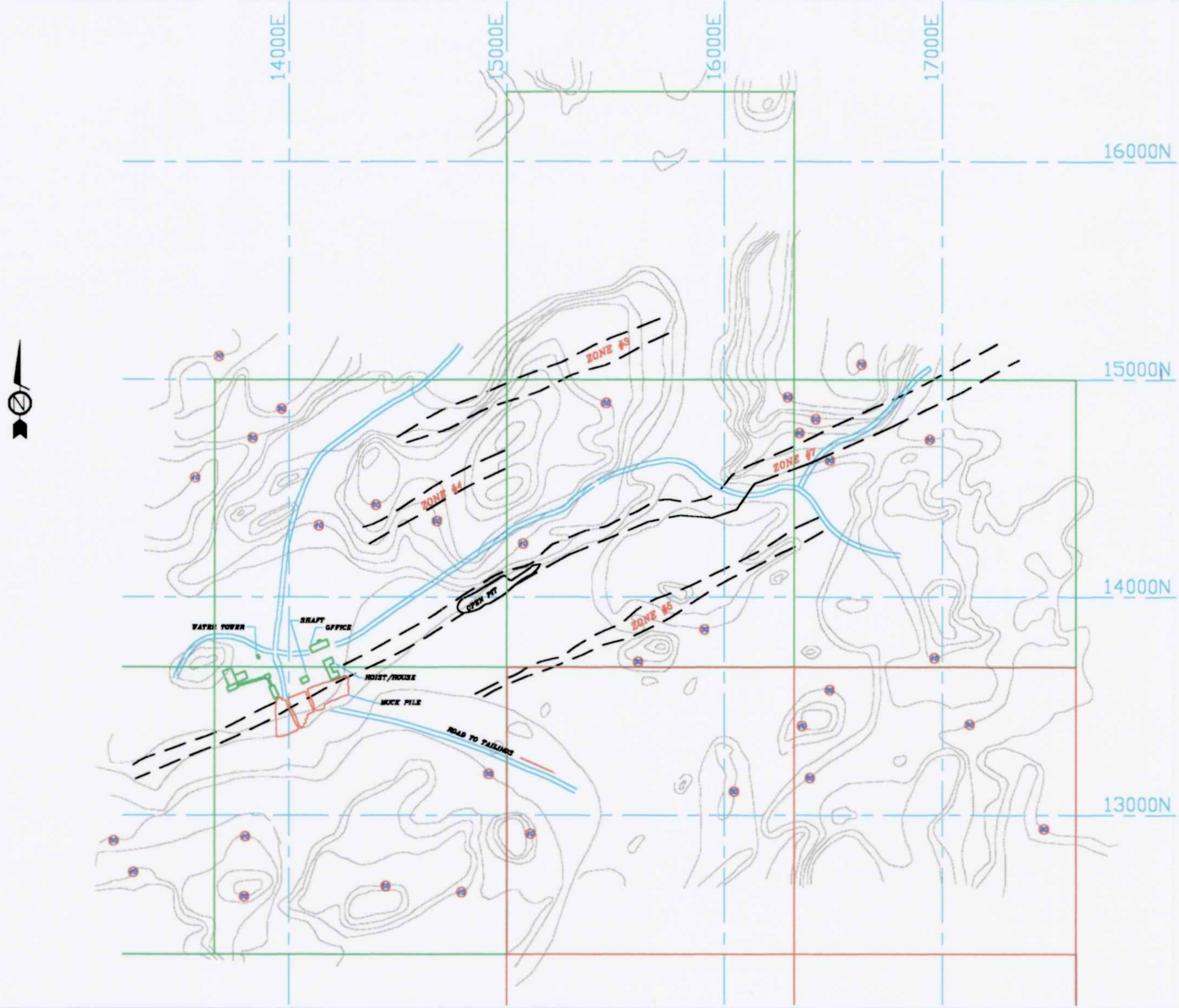
We trust the foregoing adequately describes the rationale behind the trenching of the stockpiles as well as the excavation methods. The locations of the trenches are clearly illustrated on the third drawing submitted.

Yours Sincerely,
Kar-Mer Tech Inc.,

Karel R. Pieterse, P. Eng.



ECHO TOWNSHIP
PROVINCE OF ONTARIO
16000N
15000N
14000N
13000N
12000N
11000N
10000N
9000N
8000E
9000E
10000E
11000E
12000E
13000E
14000E
15000E
16000E
17000E
18000E
19000E
8000E
BASE LINE
LINE 0.00
LINE 1000.00E
LINE 2000.00E
LINE 1000.00W
LINE 2000.00W
LINE 3000.00W
TAILINGS AREA
LEGEND
—U/G WORKINGS
—ROADS
—BUILDINGS
—PATENTED CLAIMS
—STAKED CLAIMS
—LEASED CLAIMS
DWG. No.
DESCRIPTION
REFERENCES
MK
DATE
REVISIONS AND ISSUES
BY
CRYSTAL QUARTZ DRYDEN INC.
CONTIGUOUS CLAIMS
DRAWN BY ENGTECH
CHKD P HOULE
APP'D K PIETERSE
DRAWING No.
REV.
DATE 23/08/04
SCALE 1"=400'
FILE I.D.



DWG. No.	DESCRIPTION	DWG. No.	DESCRIPTION	MK	DATE	REVISIONS AND ISSUES	BY	MK	DATE	REVISIONS AND ISSUES	BY

REFERENCES | REFERENCES

CRYSTAL QUARTZ DRYDEN INC.

GENERAL SURFACE LAYOUT

DRAWN BY	CHKD	APP'D	DRAWING No.	REV.
ENGTECH	P HOULE	K PIETERSE		
DATE 23/08/04	SCALE 1"=250'			

FILE I.D.

DWG. No.	DESCRIPTION	DWG. No.	DESCRIPTION	MK	DATE	REVISIONS AND ISSUES	BY	MK	DATE	REVISIONS AND ISSUES	BY
REFERENCES		REFERENCES									

CRYSTAL QUARTZ DRYDEN INC.

TRENCH LOCATIONS

DRAWN BY	CHKD	APP'D	DRAWING No.	REV.
ENGTECH	P HOULE	K PIETERSE		
DATE 23/08/04	SCALE 1"=80			

FILE I.D.

Work Report Summary

Transaction No: W0430.00567 **Status:** APPROVED
Recording Date: 2004-APR-13 **Work Done from:** 2003-AUG-15
Approval Date: 2004-JUL-07 **to:** 2004-APR-02

Client(s):

100403 1013012 ONTARIO INCORPORATED

Survey Type(s):

ASSAY PTRNCH

Work Report Details:

Claim#	Perform	Perform Approve	Applied	Applied Approve	Assign	Assign Approve	Reserve	Reserve Approve	Due Date
G 3000007	$1,609	$1,609	$0	$0	$1,333	1,333	$276	$276	
G 3000008	$1,609	$1,609	$0	$0	$1,333	1,333	$276	$276	
G 3000009	$1,610	$1,610	$0	$0	$1,334	1,334	$276	$276	
G 3000022	$1,610	$1,610	$0	$0	$1,333	1,333	$277	$277	
G 3000025	$1,610	$1,610	$0	$0	$1,333	1,333	$277	$277	
G 3030220	$1,610	$1,610	$0	$0	$1,334	1,334	$276	$276	
PA 1247989	$0	$0	$8,000	$8,000	$0	0	$0	$0	2009-APR-15
	$9,658	$9,658	$8,000	$8,000	$8,000	$8,000	$1,658	$1,658	

External Credits: $0

Reserve:

$1,658 Reserve of Work Report#: W0430.00567

$1,658 Total Remaining

Status of claim is based on information currently on record.

52F16NW2010 2.27498 ECHO 900

Ministry of
Northern Development
and Mines

Ministère du
Développement du Nord
et des Mines

Ontario

GEOSCIENCE ASSESSMENT OFFICE
933 RAMSEY LAKE ROAD, 6th FLOOR
SUDBURY, ONTARIO
P3E 6B5

Tel: (888) 415-9845
Fax:(877) 670-1555

Date: 2004-JUL-07

1013012 ONTARIO INCORPORATED
P.O. BOX 72
160 KINGSCROSS DRIVE
KING CITY, ONTARIO
L0G 1K0 CANADA

Submission Number: 2.27498
Transaction Number(s): W0430.00567

Dear Sir or Madam

Subject: Approval of Assessment Work

We have approved your Assessment Work Submission with the above noted Transaction Number(s). The attached Work Report Summary indicates the results of the approval.

At the discretion of the Ministry, the assessment work performed on the mining lands noted in this work report may be subject to inspection and/or investigation at any time.

The revisions outlined in the Notice dated June 03, 2004 have been corrected. Accordingly, assessment work credit has been approved as outlined on the Declaration of Assessment Work Form that accompanied this submission.

If you have any question regarding this correspondence, please contact STEVEN BENETEAU by email at steve.beneteau@ndm.gov.on.ca or by phone at (705) 670-5855.

Yours Sincerely,

Ron C Gashinski

Ron.C. Gashinski
Senior Manager, Mining Lands Section

Cc: Resident Geologist

1013012 Ontario Incorporated
(Claim Holder)

Scott Schelske
(Agent)

Assessment File Library

1013012 Ontario Incorporated
(Assessment Office)

ONTARIO CANADA — MINISTRY OF NORTHERN DEVELOPMENT AND MINES — PROVINCIAL MINING RECORDER'S OFFICE

Mining Land Tenure Map

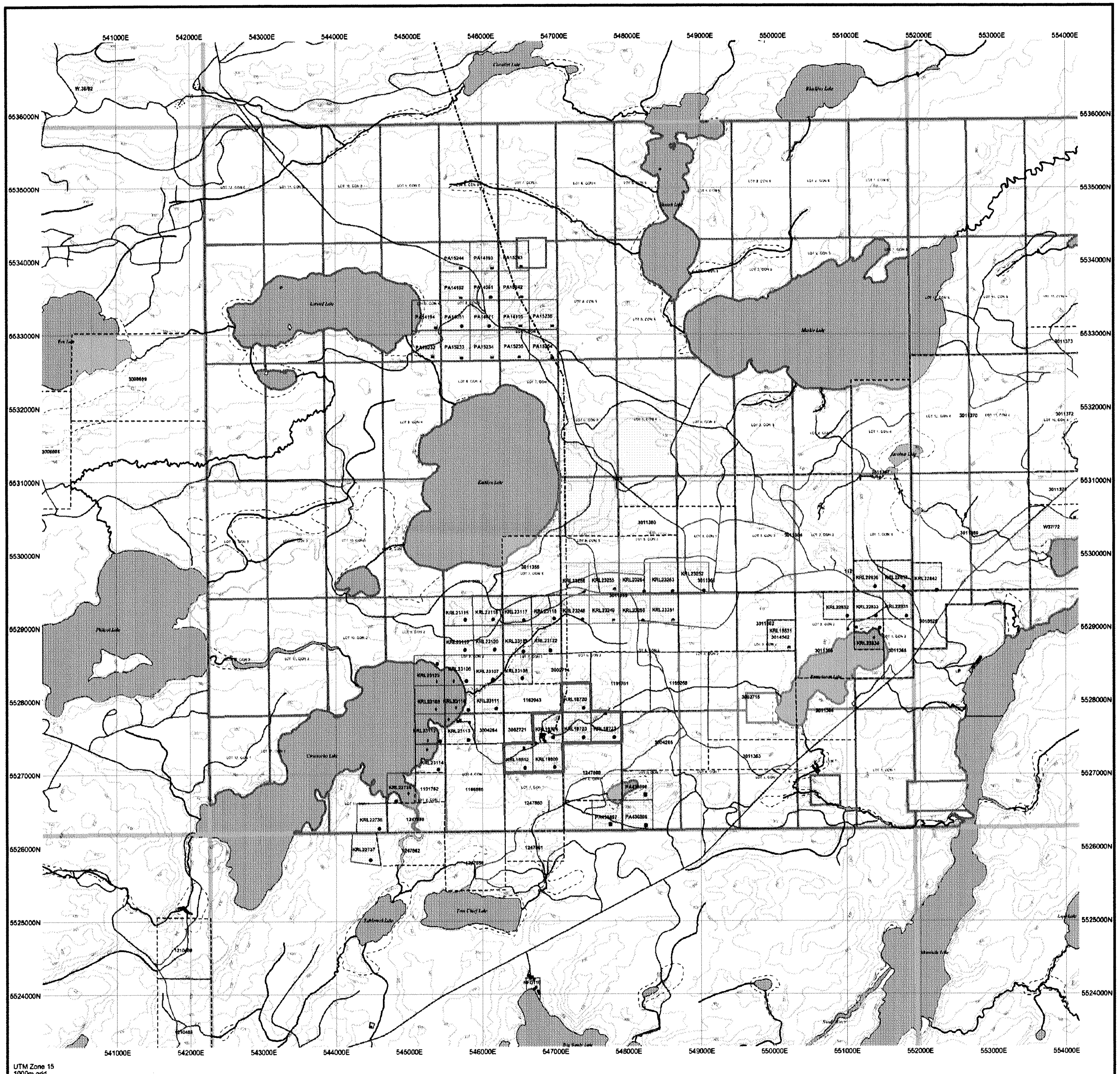
Date / Time of Issue: Wed Aug 11 08:34:31 EDT 2004

TOWNSHIP / AREA ECHO

PLAN G-3368

ADMINISTRATIVE DISTRICTS / DIVISIONS

Mining Division	Patricia
Land Titles/Registry Division	KENORA
Ministry of Natural Resources District	SIOUX LOOKOUT



TOPOGRAPHIC

- Administrative Boundaries
- Township
- Concession, Lot
- Provincial Park
- Indian Reserve
- Cliff, Pit & Pile
- Contour
- Mine Shafts
- Mine Headframe
- Railway
- Road
- Trail
- Natural Gas Pipeline
- Utilities
- Tower

Land Tenure

Freehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only

Leasehold Patent
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only

Licence of Occupation
- Uses Not Specified
- Surface And Mining Rights
- Surface Rights Only
- Mining Rights Only

- Land Use Permit
- Order In Council (Not open for staking)
- Water Power Lease Agreement
- Mining Claim
- Filed Only Mining Claims

LAND TENURE WITHDRAWALS

- Areas Withdrawn from Disposition

IMPORTANT NOTICES

Scale 1:20000

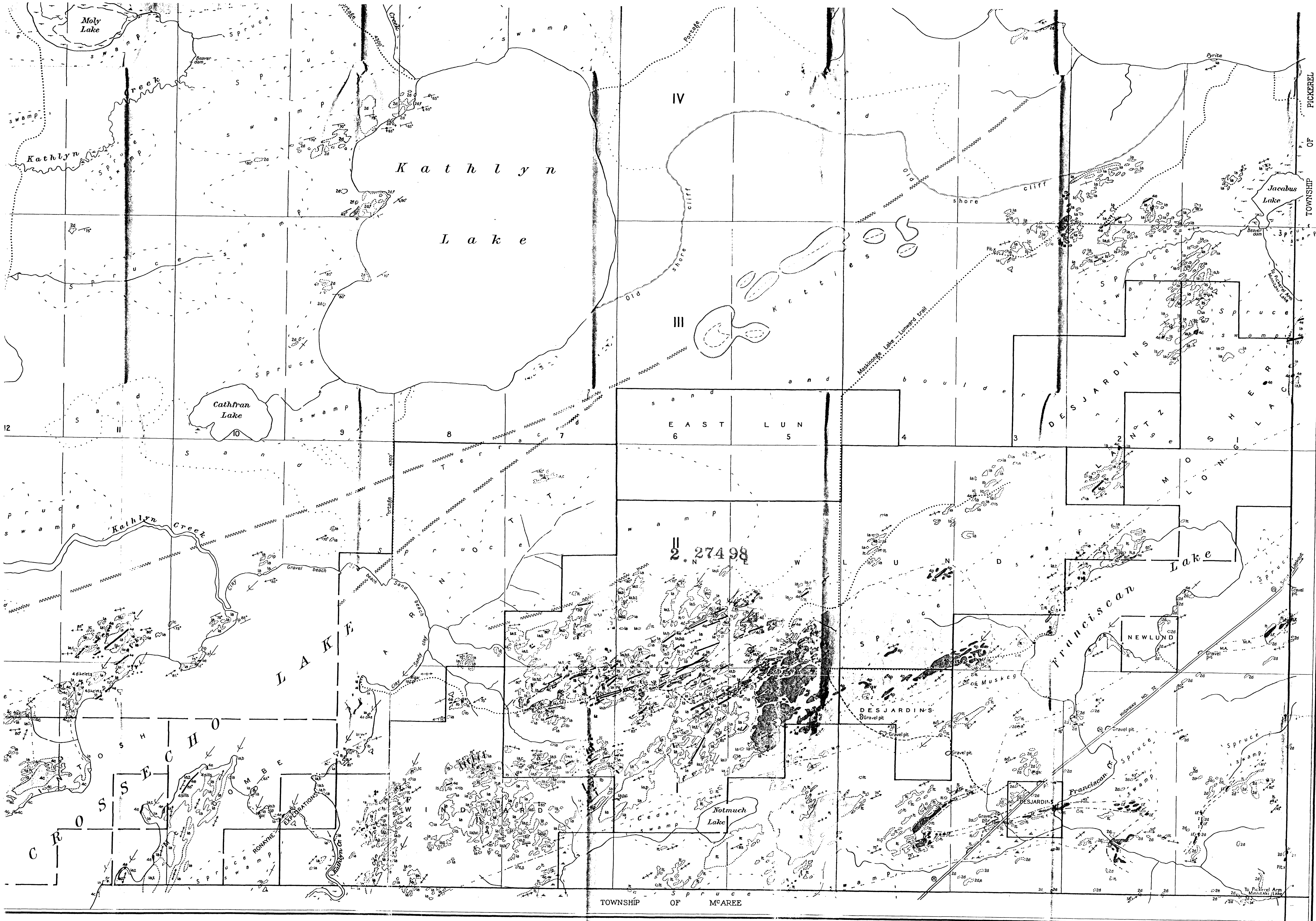
LAND TENURE WITHDRAWAL DESCRIPTIONS

Identifier	Type	Date	Description
1013	Wsm	Jan 1, 2001	S.R.O. 163474
1089	Wm	Jan 1, 2001	ECHO TOWNSHIP PROVINCIAL WILDERNESS AREA MRO WITHDRAWN FROM STAKING
1121	Wsm	Jan 1, 2001	SEC.43 SRO RES. MAY 10/71
1200	Wsm	Jan 1, 2001	RESERVE FOR PUBLIC USE 163473
1213	Wsm	Jan 1, 2001	P-2033
W.38/82	Wsm	May 28, 1982	W.38/82 28/5/82 S.R.&M.R. 194075
W37/72	Ws	Jan 1, 1980	W37/72 16/APR.1972 S.R.O. 163474

2.27498 ASSAY PTRNCH

General Information and Limitations

52F16NW2010 2.27498 ECHO 200



SYMBOLS

- Swamp boundary.
- Wet marsh or floating bog.
- Open swamp.
- Provincial highway, mileage from Sioux Lookout.
- Motor road.
- Old road, trail, portage.
- Glacial striae.
- Geological boundary defined.
- Geological boundary approximate.
- Geological boundary assumed.
- Boundary of rock outcrop.
- Boundary of sandy overburden.
- Strike and dip of stratum, lava flow, etc.
- Strike and vertical dip of stratum, lava flow, etc.
- Direction of top of lava flow based on shape of pillows.
- Direction of top of lava flow, based on brecciated flow top, heavy line is top.
- Strike, dip, and direction in which strata face, as indicated by gradation in grain size.
- Direction of top of overturned strata indicated by grain gradation; top in direction of loop.
- Strike, dip, and direction in which strata face as indicated by cross bedding.
- Strike and dip of schistosity.
- Strike of vertical schistosity.
- Fault, indicated or assumed.
- Building.
- X Test pit.
- M.A. Magnetic attraction.
- q.v. Quartz vein, width in inches, or stockwork.
- V.G. Visible gold.
- + Reef or islet.
- Mo Molybdenite.

LEGEND

CENOZOIC

RECENT

- Peat, alluvium.

PLEISTOCENE

- Clay, sand, gravel.

GREAT UNCONFORMITY

PRECAMBRIAN

ALGOMAN (?)

- Quartz feldspar porphyry dikes (4e); quartz porphyry dikes (4b). Undifferentiated granitic intrusions (4).
- Pink biotite granite, granodiorite (4c), grey biotite granodiorite (4d).

INTRUSIVE CONTACT

PRE-ALGOMAN (?)

- Quartz porphyry (4p).

INTRUSIVE CONTACT

ABRAM SERIES (Timiskaming type)

- Daredevil sediments*

FAULT? AGE RELATIONSHIP BETWEEN DAREDEVIL AND THUNDER LAKE-ZEALAND SEDIMENTS IS NOT KNOWN.

KEEWATIN

- Thunder Lake-Zealand sediments**
- Brownridge volcanics.

PRE-ALGOMAN SEDIMENTS

- Conglomerate (2b).
- Greywacke, biotite-quartz schist and paragneiss (2d), garnet biotite-quartz schist (2e); argillite, slate (2f), hornblende schist and paragneiss (2h).
- Iron formation

PRE-ALGOMAN VOLCANICS

- Intermediate to basic lavas (1a); pillow lava (1b); coarse flows and basic intrusives (1c); basalt porphyry (1p); spherulitic lava (1s); basic pyroclastics, some flow breccia (1t).
- Acid lavas, quartz-feldspar porphyry (some intrusive?) (1h); spherulitic lava (1s); acid pyroclastics (1t).

* The Daredevil sediments form the north band of sediments.
**The Thunder-Zealand sediments form the south band of sediments.

SOURCES OF INFORMATION

Base map from maps and plans of the Division of Surveys and Engineering, Ontario Department of Lands and Forests.

Sioux Lookout Area Map No. 41h, Ontario Department of Mines, by M. E. Hurst, 1932.

Geology by H. S. Armstrong and J. K. Webb, 1946.

NOTES

The names of lakes and streams on this map are in conformity with the rulings of the Division of Surveys and Engineering, Ontario Department of Lands and Forests.

52F16NW2010 2.27498 ECHO

210

Map No. 1950-1

TOWNSHIP OF ECHO

DISTRICT OF KENORA, ONTARIO

Scale or 1 Inch to 1,000 Feet

Feet 1000 500 0 1000 2000 3000 4000 5000 Feet

Metres 100 0 Kilometre